

DIST. 3

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APR 24 AM 10:35

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		210 FARMINGTON NM		5. Lease Serial No. NOO-C-14-20-3607
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		<input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name AL WHOL YA
2. Name of Operator XTO ENERGY INC				7. If Unit or CA Agreement, Name and No. N/A
3a. Address 2700 FARMINGTON AVE., BLDG. K-1 FARMINGTON, NM 87401		3b. Phone No. (include area code) (505) 324-1090		8. Lease Name and Well No. CANYON 21
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1900' FSL & 665' FEL At proposed prod. zone SAME				9. API Well No. 30-045- 34284
14. Distance in miles and direction from nearest town or post office* 19 AIR MILES SOUTH OF BLOOMFIELD				10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 665'		16. No. of acres in lease 160 (320 in CA)	17. Spacing Unit dedicated to this well E2	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1,388' (XTO's #1)		19. Proposed Depth 1,600'	20. BLM/BIA Bond No. on file BIA NATIONWIDE 104312789	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,324' GL		22. Approximate date work will start* 07/10/2007		23. Estimated duration 2 WEEKS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature	Name (Printed/Typed) BRIAN WOOD	Date 04/23/2007
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Title CONSULTANT	PHONE: (505) 466-8120	FAX: (505) 466-9682
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Approved by (Signature)	Name (Printed/Typed)	Date 7/8/08
Title AFM Minerals	Office	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

A COMPLETE C-144 MUST BE SUBMITTED TO AND APPROVED BY THE NMOC FOR: A PIT, CLOSED LOOP SYSTEM, BELOW GRADE TANK, OR PROPOSED ALTERNATIVE METHOD, PURSUANT TO NMOC PART 19.15.17, PRIOR TO THE USE OR CONSTRUCTION OF THE ABOVE APPLICATIONS.

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

NMOC

SEE ATTACHED FOR
CONDITIONS OF APPROVAL
NOTIFY AZTEC OGD 24 HRS.
PRIOR TO CASING & CEMENT

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

JUL 11 2008

DISTRICT I
1625 N French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St Francis Dr
Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Lease - 3 Copies

2007 APR 24 AM 10:35

RECEIVED

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION

¹ API Number 30-045-34284	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL GAS
⁴ Property Code 22669	⁵ Property Name CANYON	⁶ Well Number *21
⁷ GRID No 167067 5380	⁸ Operator Name XTO ENERGY INC	⁹ Elevation 6324

¹⁰ Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	10	25-N	11-W		1900	SOUTH	665	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320				¹³ Joint or Infill .	¹⁴ Consolidation Code C		¹⁵ Order No		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div>16</div> <div></div> <div>FD 2 1/2" BC. 1932 G.L.O.</div>	<div>17</div> <div>OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</div> <div></div> <div>4-23-07</div> <div>Signature _____ Date _____</div> <div>Printed Name BRIAN WOOD (505) 466-8120</div> <div>18</div> <div>SURVEYOR CERTIFICATION</div> <div>I hereby certify that the well location shown on this plot was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</div> <div>DATE OF SURVEY OCTOBER 26, 2006</div> <div>Signature and Seal of Professional Land Surveyor </div> <div>Certificate Number _____</div>
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XTO Energy Inc.
Canyon 21
1900' FSL & 665' FEL
Sec. 10, T. 25 N., R. 11 W.
San Juan County, New Mexico

PAGE 1

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Nacimiento	000'	5'	+6,324'
Ojo Alamo	309'	314'	+6,015'
Fruitland Coal	1,224'	1,229'	+5,100'
Pictured Cliffs	1,284'	1,289'	+5,040'
Lewis Shale	1,474'	1,479'	+4,850'
Total Depth (TD)*	1,600'	1,605'	+4,832'

2. NOTABLE ZONES

<u>Gas & Oil Zones</u>	<u>Water Zones</u>	<u>Coal Zone</u>
Fruitland	Nacimiento	Fruitland
Pictured Cliffs	Ojo Alamo	
	Fruitland	

Water zones will be protected with casing, cement, and weighted mud. Fresh water found while drilling will be recorded. Oil or gas shows will be tested for commercial potential based on the geologist's recommendations.

3. PRESSURE CONTROL

The drilling contract has not yet been awarded, thus the exact BOP system to be used is not yet known. A typical 2,000 psi stack, manifold, and testing procedures are on Page 3.

XTO Energy Inc.
Canyon 21
1900' FSL & 665' FEL
Sec. 10, T. 25 N., R. 11 W.
San Juan County, New Mexico

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4. CASING & CEMENT

<u>Hole Size</u>	<u>O. D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Age</u>	<u>Connection</u>	<u>Setting Depth</u>
8-3/4"	7"	20	K-55	New	ST & C	160'
6-1/4"	4-1/2"	10.5	K-55	New	ST & C	1,600'

Surface casing will be cemented to the surface with ≈ 50 cubic feet (≈ 43 sacks) Class B + 1/4 lb/sk cello-flake + 2% CaCl_2 . Yield = 1.18 cubic feet per sack. Weight = 15.2 pounds per gallon. Volume: $\geq 100\%$ excess. A guide shoe and insert float will be used. W. O. C. = 12 hours. Surface casing will be tested to 1,500 psi for 30 minutes. *3-centralizers*

Production casing will be cemented to the surface. Total cement: >329 cubic feet. Volumes are calculated at $>100\%$ excess. If the cement does not circulate to the surface, then a temperature survey will be run to determine the actual cement top as needed. W. O. C. = 12 hours. Test to 2,000 psi.

Lead cement will be ≈ 131 sacks Class B light cement (65% cement/35% Poz with 6% gel) with 5 #/sack gilsonite + 1/4 #/sack Flocele. Yield = 1.99 cu ft/sk. Weight = 12.4 #/gal.

Tail cement will be ≈ 50 sacks 50/50 Class B Poz with 2% gel + 1/4#/sack Flocele + 0.5% Halad 9. Yield = 1.38 cubic feet/sack. Weight = 13.5 #/gallon.

Cement equipment will include a guide shoe, float collar, and ≈ 8 centralizers. *NTL-FRA 90-1*

5. MUD PROGRAM

<u>Range</u>	<u>Mud Type</u>	<u>Weight</u>
0' - 160'	Fresh-Spud	8.4
160' - TD	LSND	8.6

Lost circulation and absorption material will be on location.

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Sec. 10, T. 25 N., R. 11 W.
San Juan County, New Mexico

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6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned. Open hole logs will include GR, Neutron-Density, and Induction. The Neutron Density will be run from TD to 500'. The other logs will be run from TD to the base of the surface casing.

7. DOWN HOLE CONDITIONS

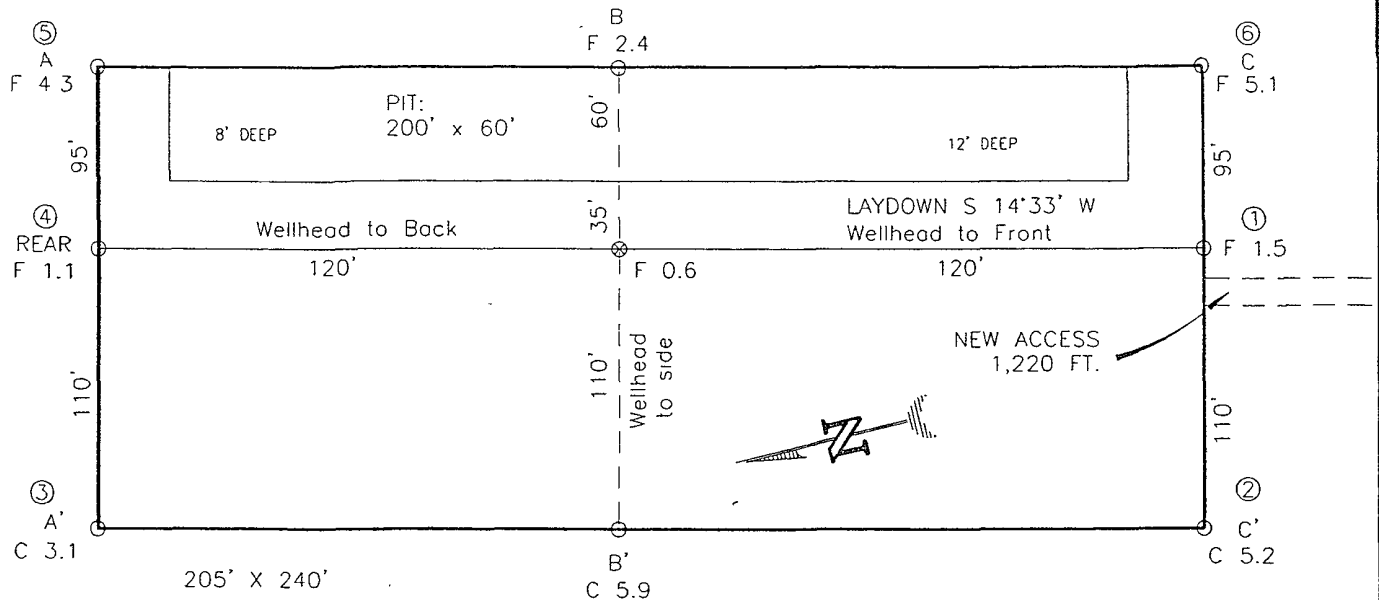
No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be ≈ 200 psi.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take ≈ 1 week to drill and ≈ 1 week to complete the well.

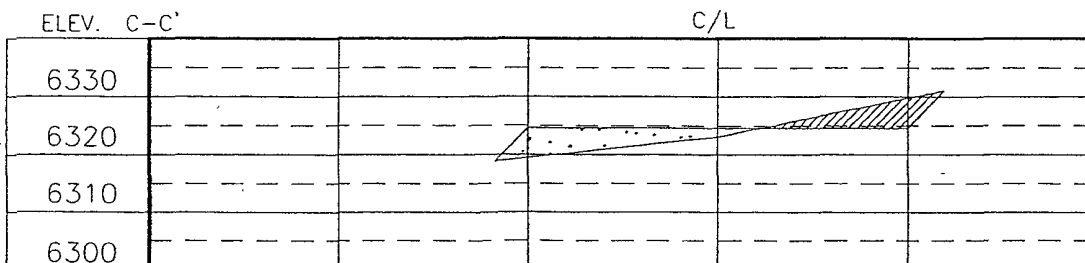
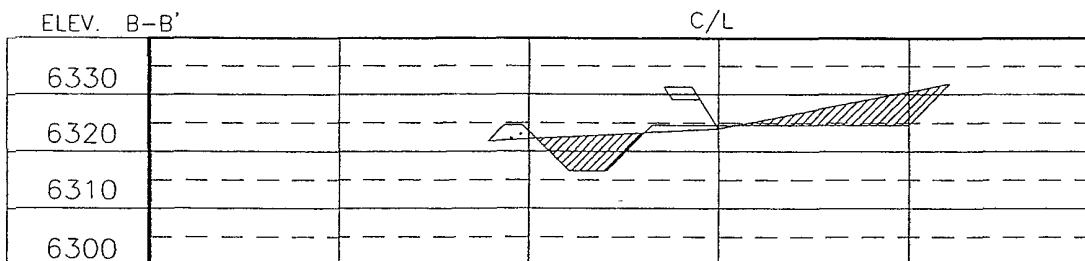
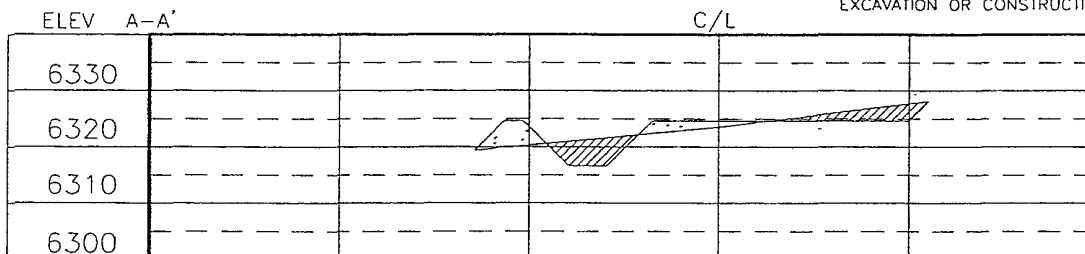
XTO ENERGY INC.
 CANYON No. 21, 1900 FSL 665 FEL
 SECTION 10, T25N, R11W, N.M.P.M., SAN JUAN COUNTY, N.M.
 GROUND ELEVATION: 6324' DATE: OCTOBER 26, 2006

NAD 83
 LAT. = 36.41352° N
 LONG. = 107.98470° W
 NAD 27
 LAT. = 36°24'48.6" N
 LONG. = 107°59'02.7 W



RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
 BLOW PIT. OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

NOTE: DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION



NOTE: CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

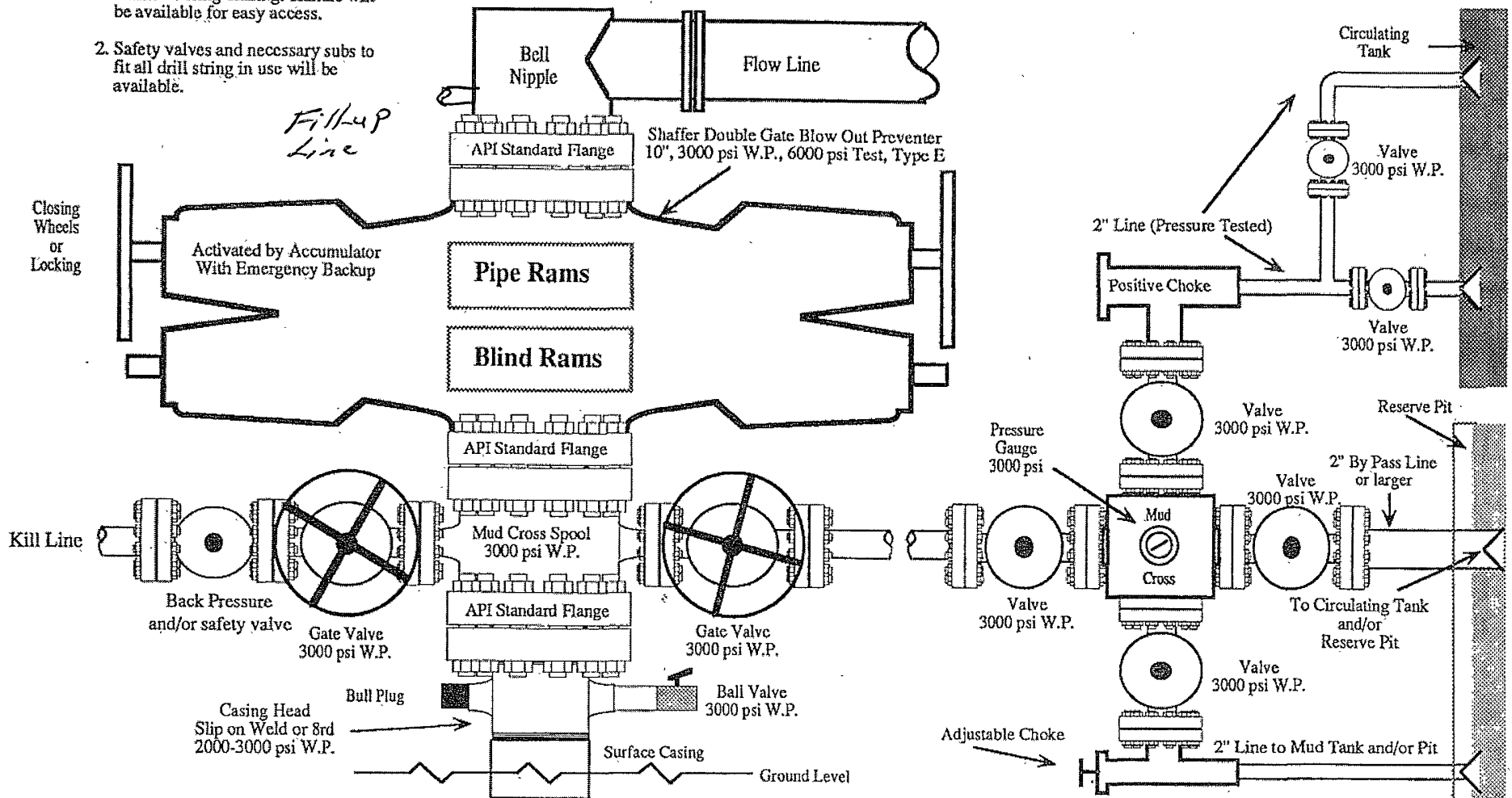
REVISION:	DATE:	REVISED BY:
<p>Daggett Enterprises, Inc. Surveying and Oil Field Services P. O. Box 15068 Farmington, NM 87401 Phone (505) 326-1772 • Fax (505) 326-6019 NEW MEXICO L.S. No. 8894</p>		
<p>DRAWN BY: G.V. ROW#: CR608</p>		<p>CADFILE: CR608_PL8 DATE: 11/07/06</p>



2,000 PSI BOP SYSTEM

Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.

2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.